BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2004-29-E - ORDER NO. 2004-85

FEBRUARY 23, 2004

IN RE: Application of Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. for Approval of a new Residential Balanced Bill Payment Program.	))))	ORDER APPROVING PROPOSED PLAN WITH CONDITIONS

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This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (PEC or the Company) for approval of a new program, namely, the Residential Balanced Bill Payment Plan (the Plan). PEC states that the proposed Plan is voluntary for residential customers that desire electric bill certainty. According to PEC, the Plan's payment option offers a guaranteed bill for twelve months and eliminates any risk the customer would normally incur due to extreme weather conditions, changes in usage, and rate changes during the twelve month program year.

PEC advises that the proposed Plan will consist of three components: (1) the forecasted monthly usage, adjusted for normal weather and an expected increase of usage of up to 5.8%, billed at current rates under Schedule RES, (2) a risk premium of 4.4%, and (3) a monthly administration fee of $1 to recover the cost of developing and maintaining the Plan. According to PEC, the annual bill will be divided into twelve monthly bill amounts. Also, the Plan's bill amount will be stated on a daily-charge basis if a non-standard read cycle is required due to circumstances such as a change to the scheduled date for meter reads. PEC explains that if such an event occurs, the customer will receive a different bill than the Plan's balanced bill amount for the affected month based upon the number of days in the billing period multiplied by the daily charge amount.

To further describe the Plan, PEC advises that each customer's Plan offer will be priced based upon the customer's expected usage rather than actual usage. PEC asserts that utilization of "expected usage" is appropriate because "expected usage" anticipates the customer's response to the payment option, the risk premium recovers the cost impact of weather extremes, rate changes, and modeling risks that will cause actual usage to be different than anticipated, and the term is limited to twelve months. Lastly, PEC states that the Plan's offer will be updated monthly to reveal the customer's most recent usage information; therefore, a customer may elect this option upon an initial solicitation or at a later date of their choosing.

As explanation for qualifying for the Plan, PEC states that the Plan will be available to residential customers with a satisfactory payment record who have resided in their residence for the past 24 months and who have a consistent usage pattern that supports an accurate forecast of future consumption. According to PEC, the Plan offer will be for one year's service, renewable by mutual agreement, and is customer specific. For a fee of $30.00, the customer may elect to terminate the Plan at any time if they remain as a customer at the premise; however, the Plan would not be available thereafter for twelve months. PEC states that the Company may also terminate the Plan if a customer's usage exceeds the expected monthly usage by 30% or more for each of three consecutive months or if service is disconnected for non-payment.

PEC notes that similar type payment plans have been offered by numerous other electric and gas utilities and that such plans appeal to customers that wish to have a fixed monthly bill that will not vary based upon usage. PEC asserts that the Plan has an added benefit of not having a true-up at the end of the year should the customer's actual usage be different than projected and that the Plan will facilitate a customer's effort to better budget monthly expenditures. Lastly, according to PEC, the Company will also experience benefits from the Plan with improved customer satisfaction and reduced high bill inquiries.

After examination of the proposed Plan and for the reasons stated by PEC, we find that the Plan should be approved as filed. We recognize that the Plan may appeal to certain customers and that some customers will take advantage of certainty in their monthly electric bills. Accordingly, the Residential Balanced Bill Payment Plan proposed by PEC is hereby approved effective March 1, 2004. However, because the Plan does not have a true-up provision, we hereby require PEC to track any foregone revenues as a result of the Plan. A determination of the appropriate ratemaking treatment of any foregone revenues is reserved for a rate proceeding or other review as may be determined by this Commission.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Mignon L. Clyburn, Chairman

ATTEST:

Bruce F. Duke, Executive Director

(SEAL)